Final

Report on the

Medical Loss Ratio Examination

of

Health First Health Plans, Inc.
(Rockledge, Florida)

for the

2013 MLR Reporting Year

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

OVERSIGHT GROUP

February 16, 2016

In accordance with Title 45 of the Code of Federal Regulations (CFR), section 158.402, the Center for Consumer Information and Insurance Oversight (CCIIO) has completed an examination of the Medical Loss Ratio (MLR) Annual Reporting Form submitted by Health First Health Plans, Inc. for the 2013 reporting year, including 2012 and 2011 data reported on that form. Following an exit conference, Health First Health Plans, Inc. (the Company) responded to each finding and recommendation. This final report, which will be made publicly available, incorporates those responses and CCIIO's evaluation of them.

Christina A. Whitefield

Christina A. Whitefield, Acting Director
Medical Loss Ratio Division
Office of Oversight
Center for Consumer Information and Insurance Oversight
Centers for Medicare and Medicaid Services
US Department of Health and Human Services

Table of Contents

I. Executive Summary

The Center for Consumer Information and Insurance Oversight (CCIIO) has performed an examination of the 2013 Medical Loss Ratio (MLR) Annual Reporting Form for Health First Health Plans, Inc. (the Company) to assess the Company's compliance with the requirements of 45 CFR Part 158. We determined that the Company's 2013 MLR Annual Reporting Form contains some minor elements that are not fully compliant with the requirements of 45 CFR Part 158, but which do not impact consumer rebates. We recommend that the Company implement corrective actions to comply with various sections of 45 CFR Part 158, including maintaining adequate documentation, ensuring accuracy of amounts reported on the MLR Annual Reporting Form, properly reflecting market classification of policies, obtaining adequate information to reflect accurate market classification of policies, and ensuring quality improvement activity expenses meet the regulatory definition.

The examination findings and resultant recalculation of the Company's MLR resulted in a net decrease of its reported MLR for the small group market of 0.6% and a net increase in the MLR for the large group market of 0.4%. As the re-calculated MLRs exceed the small group and large group market MLR standards of 80% and 85%, respectively, there was no impact on the Company's rebate liability in either of the markets in which it operates.

II. Scope of Examination

CCIIO examined the Company's 2013 MLR Annual Reporting Form to determine compliance with 45 CFR Part 158. 45 CFR Part 158 implements section 2718 of the Public Health Service Act (PHS Act). Section 2718 of the PHS Act, as added by the Affordable Care Act, generally requires health insurance companies to submit to the Secretary an annual report on their MLRs. The MLR is the proportion of premium revenue expended by a company on clinical services and activities that improve health care quality in a given state and market. Section 2718 also requires a company to provide rebates to consumers if it does not meet the MLR standard (generally, 80% in the individual and small group markets and 85% in the large group market).

This is the first examination of the Company's MLR Annual Reporting Form performed by CCIIO. The examination covered the reporting period of January 1, 2011 through December 31, 2013, including 2011 and 2012 experience and claims run-out through March 31, 2014. We conducted the examination in accordance with the CCIIO Medical Loss Ratio Examination Handbook (The Handbook). The Handbook sets forth the guidelines and procedures for planning and performing an examination to evaluate the validity and accuracy of the data elements and calculated amounts reported on the MLR Reporting Form, and the accuracy and timeliness of any rebate payments. The examination included assessing the principles used and significant estimates made by the Company, evaluating the reasonableness of expense allocations, and determining compliance with relevant statutory accounting standards, MLR regulations and guidance, and the MLR Annual Reporting Form Filing Instructions.

The Company's response to each finding appears after the finding in the Conclusion and Summary of Recommendations section of this Report. The Company's corrective action was not reviewed for proof of implementation or subjected to any procedures applied during the examination. CCIIO's response is based solely on a review of the Company's response. CCIIO reserves the right to review the actual implementation of the Company's corrective action for each finding and proposed action plan in future MLR Annual Reporting Forms, examinations or as otherwise may be appropriate.

III. Summary of Key Findings

Page	Summary of Key Findings
6	**Failure to maintain adequate documentation as required by §158.502 –** The Company did not maintain the documents and other evidence necessary to enable CCIIO to verify how the Company determined a group policyholder's size (e.g., by obtaining the average number of employees on the business days of the calendar year preceding the coverage effective date) in accordance with the definitions codified at Section 2791(e) of the PHS Act.
6	**Failure to employ standards consistent with the requirements of §158.220(a) in assigning correct market classifications to its policies –** Incorrect market classification resulted in misallocation of the Company's premium, claim and life year experience between small group and large group markets on at least six group policies from its full population of policies during 2011, 2012 and 2013.
6	**Failure to classify COBRA enrollees and conversion policies according to the appropriate market classification consistent with the requirements of §158.220(a) –** COBRA enrollees were reported under the group's market classification at the time COBRA was elected rather than the group's market classification applicable for the MLR reporting year. The accounting for conversion (from group coverage) policies was not consistently reported or attributed to the correct market classifications for each year under examination.
7	**Failure to properly report agent and broker fees and commissions –** The Company reported fees and commissions in Part 1, Line 5.6 rather than Part 1, Line 5.4 of the reporting form, as required by the MLR Annual Reporting Form Filing Instructions.
8	**Reporting of quality improvement activities (QIA) that did not meet the definition of a QIA expense as set forth in §158.150 –** The Company did not provide sufficient evidence that certain activities or transactions selected for review meet the definition of QIA.

These findings resulted in a net decrease of the Company's reported MLR for the small group market of 0.6% and a net increase in the MLR for the large group market of 0.4% for the 2013 reporting year. The three-year adjusted, aggregated numerator and denominator, along with the resulting credibility-adjusted MLR for 2013, are shown in the following table. The amounts in the "As Recalculated" row reflect the adjustments made as a result of the incorrect market classifications and disallowed QIA expenses.

Recalculated Small Group and Large Group Market MLRs for the 2013 Reporting Year

	Small Group Market			Large Group Market		
	Numerator	Denominator	MLR	Numerator	Denominator	MLR
As Filed	$101,447,448	$126,123,897	82.0%	$165,529,721	$181,895,267	92.4%
As Recalculated	$101,470,142	$127,001,161	81.4%	$165,504,304	$181,018,003	92.8%
Difference	($22,694)	$877,264	(0.6%)	($25,417)	($877,264)	0.4%

The recalculated amounts did not impact the Company's rebate liability for the 2013 reporting year as the MLR for both the small group and large group markets were above the MLR standard of 80% and 85%, respectively.

IV. Company Overview

A. Description, Territory, and Plan of Operation

The Company is a for-profit accident and health insurer domiciled in the State of Florida and is authorized to operate as a health maintenance organization (HMO). The Company provides health care coverage in the commercial and Medicare health insurance markets in service areas consisting of Brevard County and selected northern areas of Indian River County, Florida.

During the 2011, 2012, and 2013 MLR reporting years, the Company operated in the small group and large group markets that were subject to the MLR reporting requirements under 45 Part 158. As of December 31, 2013, the Company reported a total of 20,415 covered lives and $97,498,912 in direct earned premium in policies subject to the MLR reporting and rebate requirements and a total of 64,777 covered lives and $355,674,202 in direct earned premium from all health lines of business.

To the best of our knowledge, the Company is not currently under either financial or market conduct sanctions by a state regulatory agency in any state in which it does business.

B. Management

The corporate officers and board of directors of the Company as of December 31, 2013 were:

Officers

Name	**Title**
Stephen P. Johnson	Interim President/CEO/Secretary
Joseph G. Felkner	Treasurer
David E. Mathias, Esq.	Assistant Secretary
Drew A. Rector	Vice Chairman

Directors

Name
Stephen P. Johnson
Richard N. Baney, Jr., MD
Joseph G. Felkner
Rosemary Laird, MD
Richard M. Levine, MD
Kevin S. Pruett
Drew A. Rector
James C. Shaw
Basil T. Theodotou, MD

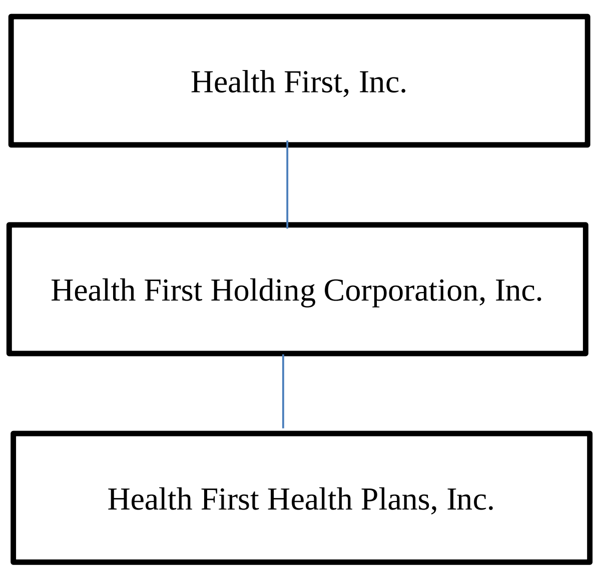
Company management and corporate-level personnel responsible for the preparation, submission, and attestation of the 2013 MLR Annual Reporting Form were:

Name	**Title**
Edward Griese	CEO Attester
Don Hairston	CFO Attester

C. Ownership

The Company is a member of an insurance holding group system. The ultimate controlling entity of the holding group is Health First, Inc. The Company is a subsidiary of Health First Holding Corporation, which is wholly owned by Health First, Inc.

Health First, Inc.
Organizational Chart
December 31, 2013



D. Agreements

As of December 31, 2013, the Company had entered into the following inter-company agreements that are pertinent to a review of its MLR Reporting Form:

1. An Administrative and Financial Management Agreement with its ultimate parent, Health First, Inc.
2. A Federal Income Tax Allocation Agreement with Health First Holding Corp.
3. An Administrative and Financial Management Agreement with Health First Insurance, Inc., a wholly owned subsidiary of Health First, Inc.

E. Reinsurance

During 2011, 2012 and 2013, the Company had a reinsurance agreement in place with Zurich American Insurance Company for its commercial line of business and with RGA Reinsurance Company for its Medicare line of business. Neither of these entities is affiliated with the Company.

V. Accounts and Records

The Company's main administrative and financial reporting office is located at 6450 US Highway One, Rockledge, FL 32955. The Company provided adequate access to its accounts and records, including computer and other electronic systems, as required by §158.501.

Except as noted below, the procedures performed did not identify any errors or irregularities in the data reported on the MLR Annual Reporting Form with regard to rebates and provision of notices for the 2013 reporting year. As noted below, documentation regarding the employee count of group policyholders, which is necessary to determine group size and market classification, is not consistently obtained from the Company's employer policyholders. Therefore, the Company did not consistently have adequate information to properly determine market classifications.

VI. Examination Results

Except as noted in this report, the Company's 2011, 2012, and 2013 MLR Annual Reporting Forms were filed on the form and in the manner prescribed by the Secretary by or before the required due date.

During all three years under Examination, the Company met the MLR standard of 80% for the small group market and 85% for the large group market, and thus was not required to pay rebates to its enrollees.

A. MLR Data

Market Classification Policies and Procedures

Incorrect Procedures for Determining Market Classification

The Company has adopted policies and procedures for determining group size and market classification that are inconsistent with the requirements of §158.220, which stipulates that an issuer's MLR must be calculated separately for the large group market, small group market, and individual market within each state.

Although the Company employed standards that were inconsistent with the requirements in §158.220, based on the unique circumstances for each policy, it appears that the majority of policies tested during the examination were assigned to the correct market classification. The information provided by the Company indicates that it is not consistently applying the correct criteria to determine a policyholder's market size and it is not maintaining the necessary records to support the determinations made. For policies with effective dates during 2011 and 2012, the Company incorrectly determined the group size, and consequently the market classification, of its policies on the number of *eligible* employees of the employer-policyholder at the time of the initial application or policy renewal. For policies with effective dates on or after January 1, 2013, the Company incorrectly determined the group size and based the market classification on the *total number* of employees of the policyholder at the time of initial application or policy renewal. §158.103 employs the definition of Large Employer, Large Group Market, Small Employer and Small Group Market from section 2791 (e) of the Public Health Service Act (PHS Act). Section 2791 (e) of the PHS Act requires that the small and large group market classifications be based on the *average number of employees on the business days of the calendar year preceding the coverage effective date*. The Company did not obtain information regarding the average number of total employees for the calendar year preceding the effective date of coverage and therefore was not able to accurately determine group size and market classification or to provide that information.

The precise impact of the failure to accurately determine group size cannot be conclusively determined due to the Company's lack of the information necessary to support its determinations. During 2012, the Company issued a survey to identify policies that may have been misclassified due to the lack of appropriate employee count data. The process included surveying policyholders that reported 40 or more employees eligible for coverage in order to obtain the correct counting criteria and confirm the total average number of employees. As a result, the Company provided information that indicated that four small group policies should have been classified as large group and two large group policies should have been classified as small group. The impact of the errors was deemed to be immaterial to the final MLR reported for both the small group and large group markets, and therefore would not change the Company's rebate obligations. Therefore, the Company did not reclassify any of this business between markets for purposes of completing the 2012 or 2013 MLR Annual Reporting Forms. The Company indicated that it had not performed subsequent surveys.

Reporting based on Market Classification

Incorrect Determination of Group Size

In addition to incorrectly determining the number of employees of its group policyholders, the Company classified certain groups of one as small employers rather than as individual policies.

A review of Company records also revealed that when the Company performed its annual employee count to determine the market in which the policyholder should be classified, it failed to include COBRA enrollees in the count. The result is that where a group policyholder changed market classifications because of a change in the number of employees, the MLR data related to COBRA policies issued in relation to that group was reported under the group's market classification at the time COBRA was elected rather than the group's market classification applicable for the MLR reporting year.

Additionally, the premiums, claims, and member months of policyholders that were issued a conversion (from group to individual coverage) policy were not consistently reported or attributed to the correct market classifications for each year under examination. The Company did not have many COBRA enrollees or conversion policies in effect and after re-classifying and recalculating the Company's MLR, the examiner determined that there was no material impact on the final MLR for either the small group or large group markets for the examination period.

Agent Commissions

Improper Reporting of Commissions
In its 2011 MLR Annual Reporting Form, the Company improperly reported commission expenses in Part 1, Line 5.6, "Other general & administrative expenses," rather than in Part 1, Line 5.4, "Agents and brokers fees and commissions," as required by the 2011 MLR Annual Reporting Form Filing Instructions. The Company also failed to report its general and administrative expenses on Part 1, Line 5.6 in its 2012 MLR Annual Reporting Form. These errors and omissions did not impact the MLR calculation or the Company's rebate liability for 2011 and 2012, respectively.

Aggregation
Other than the incorrect market classification determinations noted above, the samples of policies, claims and other items tested during the examination were correctly assigned to the appropriate states, markets, and lines of business in accordance with §158.120.

Incurred Claims
Other than the incorrect market classification determinations noted above, based upon substantive testing and validation of the incurred claims (as defined by §158.140) reported by the Company, incurred claims were accurately reported.

Claims Recovered Through Fraud Reduction Efforts
Other than the possibly incorrect group size and market classification determinations noted above, the Company accurately reported recoveries of paid fraudulent claims, which §158.140(b) allows as an adjustment to incurred claims up to the amount of fraud reduction expenses.

Quality Improvement Activities
The expenses and programs for quality improvement activities (QIA) that the Company reported met the definition of a QIA in §158.150.

Incomplete Documentation of Salary Reporting for QIA
We note that a significant portion of the QIA expenses reported by the Company included salary expenses of those employees whose roles and responsibilities include activities that are potentially part of a quality improvement program. However, the Company could not provide any time studies

of employee activities or otherwise substantiate the salary ratios used to allocate salary costs to QIA. Accordingly, our alternative testing procedures included reviewing the title description, job description, allocation percentages and other information related to employees whose salaries were included as QIA expenses. Based on the alternative procedures performed, we determined that the expenses tested were reasonably included as qualifying QIA and that the percent of salary expenses allocated as QIA were reasonable.

Incorrect QIA Reporting Disclosure

During the examination, the Company discovered and reported to the examiner that it had overstated all categories of its reported qualifying QIA expenses in the 2013 MLR Annual Reporting Form by $390,453 in the small group market and by $555,462 in the large group market. The error was the result of inadvertently reporting total expenses rather than the pro rata amount eligible as QIA in each market. Additionally, the Company inadvertently omitted all expenses from its MLR Annual Reporting Forms for the cost associated with its fitness/gym membership program for enrollees during 2013. The program includes several agreements with local gyms in which the Company pays a per member per month fee for enrollees who use the gym as part of the fitness program. The total amount of qualifying expenses omitted in 2013 amounted to $396,420 and $546,772 in the small group and large group markets, respectively. The net effect of these errors on 2013 reporting is as follows:

	Small Group Market	Large Group Market
Overstated Total Expense:	($390,453)	($555,462)
Omitted Fitness/Gym Expense:	$396,420	$546,772
Net under-/over-statement:	$5,967	($8,690)

We determined that these amounts would not have a significant effect on the Company’s MLR calculations and would not impact rebates. Similar errors were also disclosed by the Company with regard to its 2012 MLR Annual Reporting Form, which were also deemed to be immaterial to the MLR calculations and rebates. While we did not require the Company to re-file its 2013 or 2012 MLR Annual Reporting Forms to rectify the errors, the Company had the option to do so. In the alternative, the Company made the corrections to its 2012 and 2013 experience in the prior year (PY) columns of its 2014 MLR Annual Reporting Form and uploaded supplemental documentation with their 2014 MLR filing, noting that the discrepancy between the data reported on the 2012 and 2013 MLR Annual Reporting Forms and the corresponding prior year data reported on the 2014 MLR Annual Reporting Form resulted from CCIIO’s examination findings. CCIIO is satisfied with this action.

Incorrect Category Assigned to QIA

For 2012, the Company reported prospective utilization management services for high tech imaging diagnostics in the incorrect QIA expense category. The expenses were reported under the category “Activities to Prevent Hospital Readmission” but should have been reported under the category “Improve Patient Safety and Reduce Medical Errors”. The amount at issue was $32,525 in the small group market and $42,285 in the large group market. The error did not have any impact on total QIA expenses reported in the Company’s 2012 MLR Annual Reporting Form.

Based upon substantive testing, all other QIA expenses were accurately reported and reasonably allocated among the Company's states and markets, as required by §158.170.

Earned Premium

Other than the incorrect market classification determinations noted above, based upon substantive testing, earned premium was properly reported on a direct basis and the data elements underlying 2011, 2012 and 2013 premium as reported on the Company's 2013 MLR Annual Reporting Form were compliant with §158.130.

Taxes

Based upon substantive testing, the taxes and regulatory fees excluded from 2011, 2012 and 2013 earned premium on the Company's 2013 MLR Annual Reporting Form complied with §158.161 and §158.162. Also based on substantive testing, taxes and regulatory fees were accurately reported and were reasonably allocated among the Company's states and markets, as required by §158.170, and in accordance with its Federal Income Tax Allocation Agreement with Health First Holding Corp. In its 2013 MLR Annual Reporting Form, the Company reported that it allocated its federal and state income taxes to each state and market based on pre-tax underwriting gain or loss, which the examination confirmed.

B. Credibility-Adjusted MLR and Rebate Amount

Based upon substantive testing, the Company correctly applied the credibility adjustment when the Company calculated and reported its MLRs, in accordance with §158.221. The Company's final, credibility-adjusted MLRs were calculated correctly in accordance with 45 CFR Part 158 and the applicable MLR Annual Reporting Form Filing Instructions. Because the Company's final MLRs exceeded the applicable standards in both the small group and large group markets, no rebates were due for 2011, 2012, or 2013.

C. Rebate Disbursement and Notice

According to its 2011, 2012 and 2013 MLR Annual Reporting Forms, the Company did not owe any rebates as a result of the MLR calculations. Based on substantive testing, the Company timely issued the 2011 Notice (of no rebate) in accordance with §158.251 and was not required to (and did not) issue any Notices for the 2012 or 2013 reporting years.

D. Compliance with Previous Recommendations

The Company indicated that neither CCIIO nor any state regulatory entity has previously performed an examination of the Company's MLR processes and reporting. However, the Florida Office of Insurance Regulation performed a financial examination of the Company in 2011 covering the period January 1, 2006 through December 31, 2010. The financial examination resulted in two findings, neither of which appears to impact the Company's federal MLR calculation or reporting.

VII. Impact of Findings

The cumulative effect of all errors and findings did not affect MLR rebates since recalculating the MLR to correct for the incorrectly reported items did not cause the Company's MLR in any market to fall below the applicable MLR standard.

VIII. Subsequent Events

The Company is required to inform CCIIO of any subsequent events that may affect the currently attested 2013 MLR Annual Reporting Form. No post-December 31, 2013 significant events have been brought to CCIIO's attention.

IX. Conclusion, Summary of Recommendations, and Company Responses

CCIIO has examined Health First Health Plans, Inc.'s 2013 MLR Annual Reporting Form to assess the Company's compliance with the requirements of 45 CFR Part 158. The examination involved determining the validity and accuracy of the data elements and calculated amounts reported on the 2013 MLR Annual Reporting Form, and the accuracy and timeliness of any rebate payments. The Company's 2013 MLR Annual Reporting Form did not comply with some of the requirements of 45 CFR Part 158. The effect of the examination findings and resultant recalculation of the Company's MLR did not result in any substantive change to its reported MLR for any of the markets in which it operates.

As a result of this examination, CCIIO recommended the following:

Recommendation #1
The Company should adopt and implement a comprehensive MLR records maintenance program under which it maintains all documentation and evidence necessary to verify compliance with each element included in the MLR Annual Reporting Form, as required by §158.502 - Maintenance of Records. The records maintenance program should include storing original data sets used to compile the data included on the MLR Annual Reporting Form.

Company Response
"Health First implemented a records maintenance program starting in 2013. For policies in place prior to 2013, documentation is housed in storage. Also, underwriting staff turnover in 2013 posed challenges for those policies maintained prior to 2013. This increased the difficulty of records retrieval during the examination for policies in place during 2011 and 2012. For policies beginning in 2013, records are stored electronically. This allows for better record maintenance and retrieval and is the current method of record maintenance for all policies. The improvement in the record maintenance method at Health First addresses recommendation #1."

CCIIO Reply
CCIIO accepts the Company's response and the corrective action plan.

Recommendation #2

The Company should adopt and implement a comprehensive MLR reporting quality review process to ensure compliance with the requirements of §158.110. The quality review process should include ensuring that the information reported is entered on the correct line of the MLR Annual Reporting Form and aligns with details of the supporting schedules and financial data.

Company Response

"To rectify, Health First has insourced the preparation of its statutory statements and implemented additional layers of review for the statements and supporting schedules."

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Recommendation #3

The Company should adopt and implement procedures to ensure that all market classification determinations are made in compliance with the definitions contained in section 2791 of the PHS Act and the applicable requirements of 45 CFR Part 158 and associated technical guidance.

Company Response

"As a response to this recommendation and the finding "Failure to classify COBRA enrollees and conversion policies according to the appropriate market classification consistent with the requirements of 45 CFR §158.220(a)", Health First plans on classifying COBRA enrollees according to the group's market classification applicable for the MLR reporting year. Health First also plans on classifying conversion policies in a consistent manner for reporting years 2012, 2013 and 2014. As of 1/1/2015, Health First has no conversion members."

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

Recommendation #4

The Company should adopt and implement procedures to ensure that at the time of initial policy application and policy renewal, it obtains the information necessary to ensure that coverage is classified under the appropriate market, as defined under section 2791 of the PHS Act. This should include, in the group markets, obtaining the average number of employees for the calendar year preceding the coverage effective (or renewal) date and the corporate status of policies issued to one-life groups.

Company Response

"Health First has already implemented a corrective action to address and resolve the finding described as 'Failure to maintain adequate documentation as required by 45 CFR §158.502' as well as Recommendation #4. Health First has updated its underwriting and renewal forms in order to maintain the necessary records to support its determination of a policyholder's size. The forms now requested the 'average number of employees on the business days of the calendar year preceding the coverage effective date.'

In order to address the finding described as ‘Failure to employ standards consistent with the requirements of 45 CFR §158.220(a) in assigning correct market classifications to its policies’, the above correction should appropriately categorize each employer for MLR purposes. In addition, Health First plans on implementing a corrective action to review the market classification of the policies prior to completing the MLR form. Health First will then make any necessary adjustments to classify all policies appropriately. This includes but is not limited to the six group policies that were found to have incorrect market classifications during this examination.

To further address Recommendation #4, Health First would like to mention that as of January 1st, 2014, one-life policies were no longer permitted to enroll in a small group plan. The corporate status of one-life groups is obtained as a part of enforcing this rule.”

CCIIO Reply
CCIIO concurs with the Company’s position and accepts the Company’s proposed corrective action plan regarding updates to its underwriting and renewal forms, and review of market classifications prior to completing the MLR Annual Reporting Form.

Recommendation #5
The Company should implement internal controls to ensure that any expenses classified as QIA meet the requirements of §158.150 and that sufficient documentation exists to support such determination. For salary-related expenses classified as QIA, the Company should perform time studies of employee activities and/or other quantitative analyses of salary ratios to support allocating any such amounts to QIA. Only salary amounts supported by quantitative analyses regarding allocation of time spent on qualifying QIA activities should be considered as allowable QIA expenses in the future.

Company Response
“Related finding: ‘Reporting of quality improvement activities (QIA) that did not meet the definition of a QIA expense as set forth in 45 CFR §158.150’. Health First will correct in two phases; the first is to review and remove those areas within the 2014 reporting that did not meet the definition identified from the audit, and the second step is to implement all other recommendations for 2015 reporting year.”

CCIIO Reply
CCIIO accepts the Company’s corrective action plan.

Recommendation #6
The Company should either re-file its 2012 and 2013 MLR Annual Reporting Forms to rectify the errors and reflect the findings stated herein or make the corrections to its 2012 and 2013 experience in the prior year (PY) columns of its 2014 MLR Annual Reporting Form. Additionally, the Company should upload supplemental documentation with its 2014 MLR filing noting that the discrepancy between the data reported on the 2012 and 2013 MLR Annual Reporting Forms and the corresponding prior year data reported on the 2014 MLR Annual Reporting Form resulted from CCIIO’s examination findings.

Company Response

"In order to rectify the errors and reflect the findings stated in the MLR Examination Report, Health First will correct the 2012 and 2013 prior year columns in its 2014 reporting form. Also, Health First will upload supplement documentation with the 2014 MLR reporting noting the differences between the 2012 and 2013 MLR reports and the corresponding prior year data reported on the 2014 MLR report."

CCIIO Reply

CCIIO accepts the Company's response and the corrective action plan.

CCIIO thanks the Company and its staff for its cooperation with this Examination.